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IN THE

Supreme Court of the United States

OCTOBER TERM, 1961.

No. 509

BORG-WARNER CORPORATION,
Petitioner,

vs.

YORK-SHIPLEY, INC.,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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THE GUNTHORP-WARREN PRINTING COMPANY, CHICAGO

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STATUTE CITED.

15 U. S. C. 1114(1) 2, 13

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QUESTIONS PRESENTED.

The questions stated by petitioner are not presented by this action. Petitioner states, "For purposes of this petition, petitioner is not now challenging the denial of the affirmative relief which it sought below" (Pet., p. 5). Thus, the questions presented here are confined to the following respecting respondent's counterclaim:

1. When respondent has shown long, prior use and secondary meaning of the name and trademark YORK for furnace products, may petitioner, with knowledge of re-

spondent's long and extensive use of YORK, adopt and use the name and trademark YORK for the same products?

2. When the Court of Appeals has held that the findings of the District Court constitute a sufficient finding that respondent's use of the name and trademark YORK for furnace products acquired a secondary meaning prior to petitioner's use of YORK for furnace products, should petitioner be granted a further review of the evidence of such prior use and secondary meaning by this Court?

3. When petitioner has admitted that the concurrent use of YORK for furnace products is likely to cause confusion, and the existence of actual confusion and damage has been proved by respondent, is respondent, as the first user of the name and trademark YORK for furnace products, entitled to protection against petitioner's subsequent use of YORK for the same products?

STATUTE INVOLVED.

Petitioner has failed to set forth the statute directly involved in this case. It is 15 U. S. C. 1114(1), set forth in the Appendix hereto (p. 15).

STATEMENT.

This is a trademark infringement and unfair competition action. It is almost entirely a fact case. The courts below found that the facts support respondent's counterclaim rather than petitioner's complaint. The applicable law is not in dispute. The basic facts of the case are stated and documented below.

Petitioner, Borg-Warner Corporation, is a large manufacturing concern doing business in a variety of fields (Def's. A. 133-138). Its York Division, which it acquired in June of 1956 and which was previously known as York

Corporation and York Ice Machinery Corporation, manufactures and sells YORK ice making, refrigeration, and air conditioning equipment, and recently, YORK furnace and heating products (Def's. A. 1-28; Plf's. A. 53-85). The York Division has its offices and principal manufacturing establishment in York, Pennsylvania.

Respondent, York-Shipley, Inc., likewise is located in York, Pennsylvania, as were its predecessors, York Oil Burner Company and York Oil Burner Company, Inc. (Def's. A. 69-70, 176, 380-381, 385-390; DX 111). Respondent's original predecessor, York Oil Burner Company, commenced its use of the name and trademark YORK for automatic oil burners in 1922 (Def's. A. 69-70, 75, 90-91; Plf's. A. 311-313), and since then respondent and its predecessors have continued to manufacture and sell oil burners and other furnace and heating products under the name and trademark YORK in various areas of the country (Def's. A. 51, 70-76, 83-89, 122-123, 175-176, 181-187, 191, 197, 199-200, 206-207, 214-230, 285-298, 310-313, 386, 391-402, 467-468, 497; DX Y-52, 98, 102, 113, 122, 133).

During its early history, respondent's predecessor was one of the largest manufacturers of automatic heating products in the United States (Def's. A. 73-74). It was a pioneer and one of the leaders in the industry, and its trademark and trade name YORK were well and favorably known (DX Y-61-65; Def's. A. 73-74, 87-89, 121-122). York Oil Burner Company's volume of sales, like that of the infant automatic heating industry, was modest during the first few years, but by 1928 it had grown to be substantial (DX Y-49A-I, Y-50A-II, Y-61, Y-65; Def's. A. 79-82, 87-89). In 1931, York Oil Burner Company was ranked fourth in the industry (DX Y-61B; Def's. A. 73-74). Respondent still offers the most complete line of residential and commercial heating equipment in the industry (Def's. A. 121, 392).

York oil burners were exhibited by respondent's predecessor in all of the heating exhibitions and trade shows of the earlier years (DX Y-55; Def's. A. 84-85, 189-191, 204). At least as early as 1924 (Def's. A. 51, 74-75), it exhibited in the York County Fair (DX Y-51; Def's. A. 82-83).

From the beginning, York Oil Burner Company advertised its YORK heating products in newspapers, circulars and brochures (DX 99 A-L (See 99 A-B, Def's. A. 497, 498); Def's. A. 91, 192-199). York Oil Burner Company commenced national advertising of its YORK heating products in 1927 (Def's. A. 72), and such advertising has continued to the present (DX Y-57-Y-60, 100 (p. 31), 113; Def's. A. 86, 203-204, 398-403).

Respondent registered its YORK trademark in various forms in the United States Patent Office for furnace and heating products (DX 107-109), and its registration No. 520, 615 for "YORK-YH-HEAT" (DX 106, 108; PX 159 (Plf's. A. 325)) has become incontestable pursuant to the United States Trademark Act of 1946 (15 U. S. C. 1065).

The original predecessor of petitioner's York Division was a general machine shop business named York Manufacturing Company (Plf's. A. 3). It was incorporated in 1895 (Plf's. A. 3) and concentrated on the ice making machinery business (Def's. A. 17-18, 51). Its successor was known from 1927 until 1942 as "York Ice Machinery Corporation" (Plf's. A. 3-4). As late as 1926 petitioner's advertising claimed "The York Organization is the largest in the world, devoted *exclusively* to the manufacture of Ice Making and Refrigerating Machinery" (emphasis supplied) (PX 170; App. B. 9a). In the late 1920's or early 1930's, petitioner commenced the manufacture of air conditioning equipment (Def's. A. 18-20, 37, 116-118, 317-318, 345; Plf's. A. 171-172). In about 1938, it purchased and resold a few furnaces under the brands YORKAIR

and YORK, but abandoned this effort in about 1941 (Def's. A. 4-7, 26-27, 251, 319-320, 322, 324-325, 327, 330-331, 345-346, 364).

Petitioner and respondent have operated side by side in the same small city, York, Pennsylvania (Def's. A. 315), under the YORK name and trademark for thirty-nine years, much of that time literally across the street from each other (DX Y-19, Y-20; Def's. A. 13-14, 164-165, 167-168, 316, 404). More than thirty-four years ago, the President and other principal officials of petitioner's predecessor were purchasing YORK oil burners from respondent and having them installed in their homes and serviced by respondent (DX Y-36, 97; Def's. A. 71, 105, 179-181, 214-215, 281). Virtually all of the officers and officials of petitioner's York Division and its predecessors have been acquainted and in daily contact with respondent's officers and officials for more than a generation (Def's. A. 15, 29-31, 156, 159-160, 162-163, 232-234, 238-239, 254-256, 258-259, 262, 268-277, 281-282, 315, 354; DX Y-37 (Def's. A. 483-484, DX 91). For more than a decade (1937 through 1948) respondent was the *exclusive franchised distributor* of petitioner YORK products in the York, Pennsylvania area (DX Y-20, Y-66; Plf's. A. 75-76; Def's. A. 13-14, 39-40, 129-130, 375-376, 404-406).

In 1952, when petitioner's predecessor again considered entering the furnace and heating products business, it consulted with respondent which had long been in the heating business and with whom it had a long standing, intimate and cordial relationship, to determine if respondent could supply heating products to petitioner (DX 104; Def's. A. 10-11, 272-274, 304-309, 314-315, 337-338, 347-348). After extended correspondence, conferences and consultations with respondent (DX 104; Def's. A. 304-309), petitioner's predecessor terminated its negotiations with respondent and made other arrangements with the C. A.

Olsen Furnace Company for the purchase of furnaces to be resold under the name YORK (Def's. A. 348-349).

Petitioner's predecessor commenced the sale of the Olsen furnace in 1954 (Def's. A. 348-349). These arrangements proved unsatisfactory (Def's. A. 270-271), and petitioner's predecessor again approached respondent (Def's. A. 341-342, 349-350). This time, it tentatively offered to buy respondent outright (DX Y-87; Def's. A. 48-49, 341-342, 429-431). Respondent rejected the offer (DX Y-87; Def's. A. 341-342, 431, 435), and petitioner's predecessor then undertook negotiations in 1956 to acquire another furnace company (Def's. A. 11-12, 367-368).

During the first half of 1956, while York Corporation was negotiating for the purchase of a furnace company in Bloomington, Illinois, Borg-Warner Corporation carried on its negotiations to acquire York Corporation (Def's. A. 350-352). The negotiations between York Corporation and Borg-Warner Corporation were consummated in June, 1956, whereupon the pending negotiations between York Corporation and the Bloomington, Illinois furnace company were cancelled (Def's. A. 11-12, 351-352). Upon completion of the merger, petitioner commenced amalgamating its AIRLINE and INGERSOLL furnace business into its York Division (Def's. A. 135-136, 140-141, 351-352).

In 1958, simultaneously with an announcement to the trade and public that it was invading the heating market under YORK (Plf's. A. 39; DX 121), petitioner confronted respondent with the demand that respondent get out of the heating business under the name YORK (Def's. A. 436). Petitioner recognized that there should not be two YORK furnace and heating lines put out by different companies, and to petitioner, the solution was obvious. Respondent simply should abdicate its rights in YORK in favor of petitioner. The "confidential" minutes of the July 17, 1958

meeting of petitioner's Patent Committee arrogantly refer to this "most logical course" (DX 138, Def's. A. 522).

Immediately following petitioner's predecessor's 1954 initial use of YORK on Olsen furnaces, respondent began experiencing the damage of the inevitable confusion (Def's. A. 434). Respondent commenced receiving misdirected mail evidencing such confusion and inquiring about petitioner's YORK furnace; and petitioner received mail intended for respondent (DX 126; Def's. A. 148, 416, 421-427). In 1958, after Borg-Warner had completely amalgamated its INGERSOLL furnace business into its York Division and was manufacturing and promoting a line of YORK furnaces, confusion, mistake and deception of the public and of respondent's dealers became rampant in every area in which both respondent and petitioner marketed their YORK heating products (DX 126; Def's. A. 416, 421-427, 441-466).

Confusion became even more damaging to respondent as plaintiff commenced advertising and promoting its YORK furnace and heating products in the same trade shows and trade magazines in which respondent's YORK furnace and heating products appeared (DX 121-125; Def's. A. 417-421). Important trade publications, such as the "Annual Buyer's Guide," began confusing petitioner's YORK heating business with that of respondent's, even mistakenly listing respondent as a Division of Borg-Warner Corporation (DX 124-125; Def's. A. 420-421). Respondent's dealers discontinued and threatened to discontinue handling its line because of the confusion resulting from "two furnaces going under the name YORK" (Def's. A. 444, 451, 461-462). Other dealers stopped advertising and promoting respondent's line for the same reason (Def's. A. 451, 462). Following petitioner's entry into the residential furnace and heating products market under YORK,

respondent's YORK residential line dropped from a profit (DX 135, Ex. "C") to more than a million dollar loss (DX 134, Ex. "A"; Plf's. A. 284).

On August 22, 1958, petitioner filed its complaint in this action, seeking to enjoin respondent's use of YORK, either alone or in conjunction with other words (Plf's. A. 8-9). Respondent answered, denying the allegations of the complaint and alleging several affirmative defenses, and counterclaimed to stop petitioner's invasion of the heating market under YORK (Plf's. A. 21-39). The counterclaim was based upon respondent's long prior use of YORK for furnace and heating products, the secondary meaning of YORK signifying respondent in the furnace and furnace products market, the damaging confusion caused by petitioner's entry into such market, and petitioner's knowledge of respondent's prior rights and intent to defraud respondent and misappropriate its rights in YORK for heating. Petitioner's reply to the counterclaim was a general denial. No affirmative defenses were pleaded by petitioner.

The District Court dismissed the complaint, and this dismissal was affirmed on appeal (App. B. 11a-12a). Respondent's counterclaim was sustained and petitioner was enjoined from the use of YORK for furnace and heat generating products. The District Court also awarded respondent an accounting of profits and $2,280,000 damages. The Court of Appeals held that the injunctive language "heat generating products" was too broad, and directed that the injunction be modified. Contrary to petitioner's claim (Pet., p. 4), the Court of Appeals held only that, "Plaintiff should not be restrained from using heating coils or units in its air-conditioning devices such as have previously been used by plaintiff or the air-conditioning industry" (App., B. 14a). The Court of Appeals affirmed the finding that

petitioner's acts had damaged respondent, but it directed the District Court to recompute the amount of damages (App. B. 16a). The accounting of petitioner's profits was ordered stricken, as was the award to respondent of its reasonable attorneys fees (App., B. 15a).

ARGUMENT.

I. PETITIONER HAS MISSTATED BOTH THE ISSUE INVOLVED AND THE HOLDING OF THE COURT OF APPEALS.

Petitioner's Statement erroneously asserts that the issue presented by this petition is whether respondent was properly granted "monopoly rights" in its trademark for furnaces (Pet., p. 5). The actual issue presented, however, is the same as in almost all trademark cases. It is not whether "monopoly rights" exist, but whether the concurrent use of two marks is likely to cause confusion as to source, and, thus, whether protection against such confusion is needed [15 U. S. C. 1114(1)].

Petitioner likewise misstates the holding of the Court of Appeals in claiming that that Court failed to recognize that respondent's mark must have acquired a secondary meaning prior to petitioner's entry into the heating market (Pet., p. 8). Instead, the Court of Appeals specifically held that the record and the findings of the District Court showed that respondent's mark had acquired a secondary meaning prior to petitioner's entry into the furnace market (App., B. 6a-7a):

> "*Plaintiff strongly urges that the record contains no proof of finding of fact that defendant had acquired a secondary meaning in the name* YORK *before plaintiff applied that name to its furnace and heating products.* Plaintiff refers to Conclusion of Law No. 3 which states defendant's long priority of use of the name and trademark YORK for furnace and heating products entitles defendant to the exclusive use of the name and trademark for furnace and heating products. Plaintiff argues that prior use is not sufficient and second-

ary meaning is not mentioned. *We agree that where a geographical or descriptive word is at issue, prior use alone is not sufficient.* (Emphasis supplied.)

* * * * *

"Although Finding No. 38 is directed principally to the Illinois statute, we think this Finding, together with Finding No. 27 is a sufficient finding as to secondary meaning. We do not think it fatal to defendant's cause on its counterclaim that the words 'secondary meaning' were not repeated in Conclusion of Law No. 3."

II. THERE IS NO CONFLICT BETWEEN THE INSTANT DECISION AND OTHER DECISIONS.

Petitioner argues that the decision below is in conflict with the decisions of other circuits requiring a showing of secondary meaning prior to petitioner's invasion of respondent's market (Pet., p. 9). As appears from the above quotation, however, the Court of Appeals below recognized and followed such law, specifically holding that the record and the findings of the District Court show that respondent's mark had acquired the requisite secondary meaning at the requisite time.

III. THE DISTRICT COURT MADE ADEQUATE FINDINGS WHICH ARE SUPPORTED BY THE RECORD.

Petitioner's second reason for granting the writ likewise urges, contrary to fact, that the District Court failed to find that respondent's mark had acquired a secondary meaning prior to petitioner's invasion of the heating market (Pet., p. 12). Again, the Court below followed the law which petitioner claims is controlling, but held that the District Court sufficiently found a prior secondary meaning, and that those findings are supported by the record. Petitioner's claim merely amounts to seeking a third review of the evidence by this Court.

In support of its contention that the findings are insufficient, petitioner urges that the record cannot support a finding of prior secondary meaning (Pet., pp. 12-14). Both courts below, however, considered the evidence of respondent's long use, sales, advertising and the resultant public and trade knowledge of respondent's use of YORK for heating. That evidence was held ample to justify the findings of secondary meaning. Petitioner's own long standing knowledge of respondent's thirty-five year use of YORK in the furnace and heating products business itself refutes petitioner's present claim that respondent's mark was not well-known or that a secondary meaning had not attached respecting furnace and heating products long prior to petitioner's recent invasion of the heating business under YORK. As stated by the Court of Appeals (App., B. 12a):

> "Plaintiff's predecessor, although a much larger company, was fully aware that defendant's predecessor had applied the name YORK to its conversion burners which were used in furnaces since 1922. It knew that defendant's furnaces were advertised and sold under the name YORK since 1933."

Moreover, the petition is misleading in claiming that respondent must prove its secondary meaning prior to 1938 (Pet., p. 13). Although petitioner entered the furnace and heating market under the marks YORKAIR and YORK at that time, both Courts below correctly noted that petitioner abandoned this effort in 1941, and did not again enter the furnace market under YORK until 1954 (App., B. 4a, 11a). Thus, it was incumbent upon respondent to prove only that its mark had achieved a recognition prior to 1954, not prior to 1938. Nonetheless, the record and the findings disclose that respondent's mark had achieved a recognition and secondary meaning in the heating field, and was well known in that field to petitioner itself, long prior to petitioner's short-lived 1938 venture.

IV. NO ISSUE OF MONOPOLY RIGHTS IS PRESENTED BY THIS CASE.

For its third argument petitioner asserts that respondent is not entitled to "monopoly rights" in the use of YORK for furnace products because respondent's mark is YORK in combination with other features (Pet., pp. 14-17). Respondent's federal registrations show, however, that in respondent's "YORK-YH-HEAT" registration the word "Heat" is disclaimed (PX 160, DX 107; Plf's. A. 325) and in its "YORK-GAS-HEAT" registration, the word "Gas" is disclaimed (DX 109), leaving the word YORK as the identifying word registered in both. Moreover, the question is not whether "monopoly" rights exist, but whether the concurrent use of two marks is likely to cause confusion as to source, and, thus whether protection against such confusion is needed [15 U. S. C. 1114(1)]. Respondent proved and the Courts below found that petitioner's entry into the furnace and heating market under YORK caused confusion and resultant damage (Finding of Fact, No. 35, Plf's. A. 353; Finding of Fact, No. 37, Plf's. A. 354). The Court of Appeals held (App., B. 13a):

> "Nevertheless, the record supports the District Court's findings and holding that defendant has the exclusive right to use YORK on oil conversion burners and furnaces. Plaintiff's crash program of entering the heating market by the sale of furnaces under the name of YORK did cause damage to the defendant."

Petitioner implies that respondent's use of "Heat" and "Gas" in conjunction with YORK precludes any likelihood of confusion with plaintiff's use of YORK for furnaces, but petitioner's complaint alleges the opposite, stating that use of YORK by respondent, "both alone and in conjunction with other words, to wit, 'Heat,' 'Shipley,' 'Power,' and 'Radiare,' results * * * in confusing the public" (Plf's.

A. 8). To have held that petitioner has the right to use YORK on furnaces, the Courts below must necessarily have ignored the admitted confusion and resultant proven damage caused by the concurrent use of YORK for heating products by the parties. Since such confusion is precisely what the trademark laws seek to preclude, the latecomer respondent was properly enjoined.

CONCLUSION.

The decision below presents no conflict with prior decisions of this or any other court. Neither does it present any questions of such gravity and general importance as to justify a review by this Court. It is essentially a fact case, and the facts presented here are of interest only to the litigants. Respondent therefore requests that the petition for writ of certiorari be denied.

Respectfully submitted,

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APPENDIX.

15 U. S. C. 1114(i):

Any person who shall, in commerce, (a) use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of any registered mark in connection with the sale, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services; or (b) reproduce, counterfeit, copy, or colorably imitate any such mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with the sale in commerce of such goods or services, shall be liable to a civil action by the registrant for any or all of the remedies hereinafter provided, except that under subsection (b) hereof the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such mark is intended to be used to cause confusion or mistake or to deceive purchasers.